maximum of taxation is limited by the point at which the satisfaction resulting from further public expenditure is at least equal to the sacrifice involved in raising further public income. It is on these principles that we have endeavoured to frame the Budget that is now before the House.

ACTUALS OF 1116

I shall begin by offering a few remarks on the actuals of 1116 and the revised figures for 1117 and then proceed to review in some detail the influence of the various forces working on our budgetary prospects for the ensuing year. While the budget estimates for revenue and expenditure for the year 1116 *viz.*, Rs. 114·50 lakhs and Rs. 108·97 lakhs were expected to result in a surplus of Rs. 5·53 lakhs, the actual transactions of the year, however, gave an increased surplus of Rs. 12·04 lakhs from which a sum of Rs. 10 lakhs has been transferred to Revenue Reserve Fund. The realised revenue and the real expenditure were thus Rs. 121·46 lakhs and Rs. 109·42 lakhs respectively (excluding the transfer to R. R. Fund) thus showing an improvement of over Rs. 6·51 lakhs on our expectations of a year ago. I would hasten to add that this was not brought about by any under-estimating of the income or over-estimating of the expenditure—a charge generally levelled against the Government on such occasions—but due solely to unforeseen and unforeseeable windfalls under Income-tax, Railway, Public Works, Forests, etc., and to the strict and severe control exercised over all routine expenditure though spending liberally at the same time to render timely help to the destitute and the public in general who were affected by the unprecedented cyclone which swept over several parts of the State in Edavam last year.

The State had, after making due provision for all liabilities a net asset of Rs. 113·06 lakhs at the end of 1116, as against Rs. 111·02 lakhs at its beginning.

REVISED ESTIMATE OF 1117

Under such auspices it was that the year 1117 started; and it budgetted for a total revenue of Rs. 113·48 lakhs and a total expenditure of Rs. 108·96 lakhs, leaving a surplus of Rs. 4·52 lakhs. But, on the basis of the actuals so far known, the revenue is expected to stand at Rs. 127·56 lakhs and the expenditure charged to revenue at Rs. 119·62 lakhs—the highest figures in the annals of our history. The current year is thus expected to close with a surplus of Rs. 7·94 lakhs, *i.e.*, Rs. 3·42 lakhs more than our anticipations.

The excess of Rs. 14·08 lakhs on the revenue side has, as usual, been brought about by an improvement under several heads, as set off by short falls under some others. I shall briefly dwell on some of the most important heads under which we expect striking variations.

First and foremost has to be mentioned the increase under "Income-tax". Hon'ble Members might feel surprised how such a result could have been brought about when we are in the midst of a destructive war with all its depressing concomitants. But I may at once clear the position by pointing out that the receipts relate to 1116, when the developments of the war brought comparatively large unearned profits to our merchant princes which, with the revised rates of taxation and the introduction of the Excess Profits Tax are expected to give us a much needed enhanced income without putting the common people to any additional sacrifice.

Next comes "Railway" the revenue under which is expected to yield an improved return of Rs. 3·83 lakhs over the budget estimate of Rs. 20 lakhs on account of increased traffic.

The next item in importance is "Forests" the receipt under which promises to reach the high water mark in the revenue of the department realised for over a decade, *viz.*, Rs. 8·65 lakhs as compared with the budget estimate of Rs. 6·54 lakhs brought about by the sharp rise in demand for the use of soft wood and better prices obtained therefore besides the income brought by the collection and sale of numerous trees up-rooted by the Cyclone.

The appreciable increase of Rs. 1·15 lakhs noticed under "Miscellaneous" is only apparent in that it is the outcome of the proposed transfer of Rs. 1 lakh from the Revenue Reserve Fund for payment to the H. M. I. S. Cochin Fund.

The increases under other heads are too small to require any mention here.

The only head which anticipates an appreciable fall in revenue is "Land Revenue" and even this is only the outcome of the deep interest which the Government take in the well-being of the agricultural population of the State. As I stated elsewhere the cyclone of last year caused widespread suffering among the subjects and hence a liberal remission was granted to mitigate the distress of the ryots affected by the failure of crops which thus caused a fall of Rs. 0·58 lakh in the anticipated income of Rs. 12·63 lakhs.

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